

FEDERAL BUREAU OF INVESTIGATION
FOI/PA
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FOI/PA# 1342370-0

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Inside Wall Street

David G. Santry/August 7, 1978

Network One sizes up Atlantic City gambling

One of the hottest gambling stories making the rounds on Wall Street these days involves Network One Inc., a tiny Las Vegas conglomerate with grandiose plans. Its new executive vice-president is Robert A. Maheu, the 60-year-old former chief executive officer of Howard Hughes' Nevada operations, which included seven casinos. Two weeks ago Maheu and Network One's chairman, Grady A. Sanders, paid a visit to Atlantic City to investigate opening a casino there.

Maheu stresses that his role at Network One will be part-time. Further, he says that even if he spawns an Atlantic City casino, it may not be a Network One project. Nevertheless, analysts say Maheu's involvement with the company and the recent Atlantic City trip account for the runup in Network One's stock: from \$2.25 to more than \$5 a share in the past three weeks.

Though Network One has only \$5 million in annual revenues, \$100,000 in profits, and a net worth of close to \$1 million, Sanders, a 41-year-old Texas entrepreneur and promoter, has high hopes for the company. He

plans to spend \$5 million in the next 18 months on communications and entertainment projects and thinks Network One will have revenues of \$100 million by 1980 even without a casino. "You don't hire Robert Maheu to run a \$10 million company," he says.

Maheu founded Network One to install and maintain electronic surveillance systems in Nevada casinos. Since it went public 18 months ago, it has expanded into the financing, planning, design, and construction of hotels and casinos. It also has branched into entertainment, supplying movies to Las Vegas hotel rooms via pay television and has just announced the acquisition of World Broadcasting Corp. of El Paso, which has the sales rights to a 150,000-watt Mexican radio station.

Through its Network Entertainment subsidiary, the company is establishing the first network for cable tv operators. The network was supposed to be on the air last Mar. 1 and is about a year behind schedule. The company will pay cable system operators to carry its channel, which will offer sports and live entertainment from its Las Vegas studio and will run advertisements.

Closed-circuit racing. In October, Network One will begin televising live West Coast horse racing to Nevada casinos on closed circuit. Sanders sees potential for this service in states with off-track betting. Among the company's other projects are a 2-mile-long roller-coaster which will start operating in Las Vegas next March.

On the financial side, Sanders and other insiders recently agreed to decrease their holdings of stock through a 1-for-3 reverse stock split. This reduced the number of shares outstanding from 7.2 million to 3.3 million, about 1.3 million of which are in the public float.

For now, though, Sanders is enthusiastic about Atlantic City. "I've never seen any such action," he says. "People stand in line for four to six hours and rush to the tables." He thinks Network One could have a casino—possibly a joint venture—operating within nine months if it could buy an existing hotel or within 12 to 15 months if it builds one.



Sanders and Maheu: A trip to New Jersey ran up the stock.

SEARCHED
SERIALIZED

JAN 1980

Maur Bn

183-1950-1

Las Vegas, Nevada

August 31, 1979

[REDACTED]
ROBERT MAHEU;
NETWORK ONE, INC.,
LAS VEGAS, NEVADA;
HOUSTON COMPLEX, INC.,
LAS VEGAS, NEVADA;
[REDACTED]

**RACKETEER INFLUENCED AND CORRUPT ORGANIZATIONS
FOREIGN CORRUPT PRACTICES ACT**

b6
b7C

On August 10, 1979, Attorney Jeff Hirschberg,
U. S. Department of Justice, Washington, D. C., and Attorney
[REDACTED] Securities Exchange Commission (SEC), Los
Angeles, California, met with representatives of the Las Vegas
Division of the Federal Bureau of Investigation and provided
the following information:

[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

b6
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Network One, Inc. is a publicly held corporation
located in Las Vegas, Nevada. Prior to May, 1977, the
company's name was Gold Reef, Inc. ("Gold Reef"), a defunct
mining company located in Salt Lake City which went public
in 1974 via an intrastate offering of 1,000,000 shares at
\$.10 per share. [REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

b6
b7C

On July 1, 1978, Robert Maheu was named
Executive Vice-President and Director of Network One.

- 3 - Bureau
 - 1 - Newark
 - 1 - Phoenix
 - 1 - Salt Lake City
 - ① - Las Vegas (183-592) (P)
- TRP:arw
(7) *arw*

SEARCHED	INDEXED
SERIALIZED	<i>MB</i>
JAN 1980	

Mawr *BR*
183-1950-2

FBI

1/15

TRANSMIT VIA:

☐ Teletype
☐ Facsimile
☒ Airtel

PRECEDENCE:

☐ Immediate
☐ Priority
☐ Routine

CLASSIFICATION:

☐ TOP SECRET
☐ SECRET
☐ CONFIDENTIAL
☐ UNCLAS E F T O
☐ UNCLAS

Date 1/4/80

TO : SAC, NEW YORK
 FROM : ACTING SAC, LAS VEGAS (183-592) (P)
 SUBJECT: [REDACTED]

ROBERT MAHEU;
 NETWORK ONE, INC.,
 LAS VEGAS, NEVADA;
 HOUSTON COMPLEX, INC.,
 LAS VEGAS, NEVADA;

[REDACTED]
 RICO (D); FOREIGN CORRUPT
 PRACTICES ACT
 OO: Las Vegas

598 4302

b6
b7C

Enclosed are one copy of an LHM setting forth details of instant matter and one copy of an article appearing in "Business Week" magazine on 8/7/78 written by David Santry.

LEADSNEW YORKAT NEW YORK, NEW YORK

AUTOMATED SEARCH ONLY

DATE JAN 14 1980

1. After reviewing enclosures, will interview [REDACTED]
 [REDACTED] (telephone [REDACTED])
 regarding the [REDACTED] This interview
 should ascertain the following:

b6
b7C

2 - New York (Enc. 116)
 2 - Las Vegas
 TRP:ffs
 (4)

"AUTOMATED RECORD"

OPEN (OR REOPEN)
 ORIGIN Las Vegas
 SUPV [REDACTED]

CASE NO. 183-1950
 DATE 1/10/80
 SECT 6/14-9

183-1950-3

SEARCHED <u>50</u>	INDEXED <u>50</u>
SERIALIZED <u>50</u>	FILED <u>50</u>
JAN 14 1980	
FBI-NEW YORK	

M. J. W. 1/21

b6
b7C

Approved: _____

Transmitted _____

(Number)

(Time)

Per _____



- (f) any statements made by Maheu or [redacted] as to Maheu's role in these ventures, and if Maheu seemed knowledgeable re same

b6
b7C

2. Obtain from [redacted] or "Business Week" an original printed copy of the above article. A copy of the issue in which it appeared would be desirable.

3. Interview an appropriate circulation official at "Business Week" to establish that the magazine is mailed to various subscribers around the country.

SUTEL RESULTS TO REACH LAS VEGAS PRIOR TO
1/23/80 AS IT IS ANTICIPATED THAT FEDERAL GRAND
JURY PROCEEDINGS WILL BE INSTITUTED ON 1/24/80.

FBI

TRANSMIT VIA:

☒ Teletype
☐ Facsimile
☐ _____

PRECEDENCE:

☐ Immediate
☐ Priority
☒ Routine

CLASSIFICATION:

☐ TOP SECRET
☐ SECRET
☐ CONFIDENTIAL
☒ UNCLAS E F T O
☐ UNCLAS

Date 1/21/80b6
b7C

FM NEW YORK (183-1950) (RUC)
 TO LAS VEGAS (183-592) ROUTINE

BT

U N C L A S / E F T O

[REDACTED] ROBERT MAHEU; NETWORK ONE INC., LAS VEGAS,
 NEVADA; HOUSTON COMPLEX INC., LAS VEGAS, NEVADA; [REDACTED]
 [REDACTED] RICO (D); FOREIGN CORRUPT PRACTICES
 ACT, 00: LAS VEGAS

RELVAIRTEL TO NEW YORK, DATED JANUARY 4, 1980.

FOR INFORMATION OF LAS VEGAS, ON JANUARY 17, 1980,

[REDACTED] WAS CONTACTED CONCERNING
 [REDACTED] ON CAPTIONED MATTER. [REDACTED]
 ADVISED HE WOULD BE WILLING TO TALK TO FBI SUBSEQUENT TO
 APPROVAL FROM THEIR LEGAL COUNSEL.

ON JANUARY 18, 1980, [REDACTED]

[REDACTED] ADVISED IT IS THEIR POLICY [REDACTED] NOT
 BE INTERVIEWED WITHOUT A SUBPOENA.

[REDACTED] DID TELL HER HE WOULD NOT BE OF
 1- NEW YORK
 1- SUPERVISOR #M-9

BWM:dmn
 (2)

dmn
#M-9

CLOSE ON THIS

JAN 21 1980

Approved: NSW/SM

Transmitted

(Number)

(Time)

Per mafb6
b7Cb6
b7C

FBI

TRANSMIT VIA:

☐ Teletype
☐ Facsimile
☐ _____

PRECEDENCE:

☐ Immediate
☐ Priority
☐ Routine

CLASSIFICATION:

☐ TOP SECRET
☐ SECRET
☐ CONFIDENTIAL
☐ UNCLAS E F T O
☐ UNCLAS

Date _____

PAGE TWO U N C L A S / E F T O

MUCH ASSISTANCE IN THIS MATTER [] HAS PREVIOUSLY BEEN
FURNISHED TYPE OF QUESTIONS TO BE ASKED []
LEAD

b6
b7C

LAS VEGAS

AT LAS VEGAS, NEVADA. IF DEEMED APPROPRIATE, WILL
OBTAIN SUBPOENA FOR []

b6
b7C

BT

#

Approved: _____ Transmitted _____ (Number) _____ (Time) Per _____

FBI

TRANSMIT VIA:

☐ Teletype
☐ Facsimile
☒ Airtel

PRECEDENCE:

☐ Immediate
☐ Priority
☐ Routine

CLASSIFICATION:

☐ TOP SECRET
☐ SECRET
☐ CONFIDENTIAL
☐ UNCLAS E F T O
☐ UNCLAS

Date 8/24/87

TO: ACTING DIRECTOR, FBI
 FROM: SAC, LAS VEGAS (66-533)

DESTRUCTION OF RECORDS
 NATIONAL ARCHIVES AND RECORDS ADMINISTRATION (NARA)
 APPRAISAL OF FBIHQ AND FIELD RECORDS

Re Bureau airtel to all SACs, 10/31/86.

Per instructions in referenced Bureau airtel, you are requested to stamp for permanent retention your corresponding case file, if not destroyed pursuant to a previously authorized file destruction program, regarding the following 183 classifications (continued on page two):

Auxiliary office file covers should be affixed with the stamp: "X, DO NOT DESTROY, HISTORICAL VALUE, NATIONAL ARCHIVES."

- 4 - Bureau
 (1 - 166-7268)
 (4 - 183-163 or 183-4683)
 (1 - Legat Bern)
 (1 - Legat Caracas)
 (1 - Legat Mexico City)
 (1 - 183-3307)
 1 - All Field Offices NY
 4 - Las Vegas
 (1 - 66-533)
 (1 - 183-148)
 (1 - 183-592)
 (1 - 183-884)

IMB/imb

(70)

Approved: [Signature]

Transmitted _____

(Number)

Per [Signature]

(Date)

SEP 8 1987

FBI - NEW YORK

U.S. GPO: 1987 - 181-486